weekly economic review

July 13, 2012

Housing Market

Alberta housing starts jump ahead of last year's readings

Housing starts continue to be strong in 2012. Starts were 33,500 (seasonally adjusted annual rate, SAAR) in June, up 0.3% from May's solid reading of 33,400 (SAAR) and up an impressive 41.9% from June 2011. Over the first six months of 2012, annualized housing starts in Alberta averaged 33,400, a 49.9% year-over-year increase.

From May to June, national annualized housing starts increased by 2.4% to 222,700 units, propelled mostly by strong growth in BC and Quebec. Compared with the same month last year, Canadian housing starts in June increased by 13.5%.

Alberta new housing prices hold steady

Prices of new homes in Alberta continue to be relatively stable. Alberta's new housing price index increased a modest 1.0% in May compared with the same month last year. At the city level, new housing prices increased year-over-year by 0.8% in Calgary and 1.1% in Edmonton. New housing prices have grown a pedestrian 4.1% in Calgary and 2.9% in Edmonton since bottoming out in 2009.

Canadian new housing prices grew by 2.4% in May. The national price gain was fueled by Manitoba and Ontario, which posted increases of 4.4% and 4.3% respectively.

International Merchandise Trade

Alberta exports fall on the back of declining energy products

Alberta's exports fell by 6.6% to $7.8 billion in May, the result of lower volumes and prices for energy products. Exports still remain above last year's levels. Compared with May 2011, exports were 3.1% higher.

Canada's trade deficit widened to $793 million in May from $623 million in the prior month. Exports were relatively unchanged, with increases in volumes being offset by decreases in prices. Imports, on the other hand, increased 0.4%.

The growing trade deficit has the potential to be a drag on second quarter economic growth in Canada.

Business Outlook Survey

Canadian business sentiment remains positive, despite global uncertainty

The Bank of Canada's Business Outlook Survey for the second quarter showed that Canadian businesses remain fairly optimistic about the future, even with the stagnant U.S. job market and problems in Europe. Businesses expect sales to grow faster than experienced over the last year, but the sales outlook was less buoyant than the outlook in the first quarter survey. Firms still expect to increase investments and hiring over the next 12 months. The number of businesses reporting labour shortages remains below the Survey's historical average, though the Bank noted that labour shortages continue to be more common in Western Canada.

Global Economy

Weakening economies prompt action

Minutes from the U.S. Federal Reserve meeting show an increasing appetite for quantitative easing as the U.S. economy struggles to create jobs.

Chinese growth slipped to 7.6 % in the second quarter, the slowest rate since early 2009. The one bright spot was growing investment which indicates that pro-growth policies are already beginning to work.

Spain announced $80 billion worth of tax increases and public spending cuts to secure European aid and to calm bond holders.

Alberta Housing Market

Closing Prices	July 5, 2012	July 12, 2012	2012–13 Fiscal YTD
Canadian Dollar ($US/$CAN)			
WTI ($US/bbl)			
NYMEX Natural Gas ($US/MMBtu)			

Alberta Economic Indicators[1]

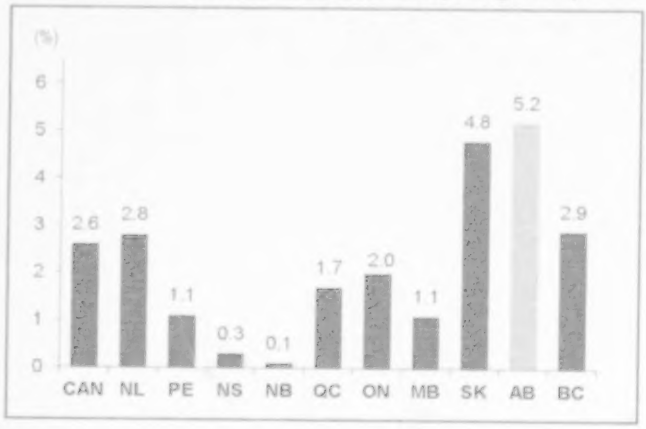
Population	2010	2011	2012YTD	Jan	Feb	Mar	Apr	May	Jun
Population (000s)	3,691	3,779	3,847	3,815					
% change	1.5	1.6	3.0	2.7					
Net interprovincial Migration (persons)	3,271	13,660	22,542	1,051					
Net International Migration (persons)	21,783	14,056	17,506	1,391					
Births (annualized thousands)	52.5	53.8	54.7	54.7					
Labour Market									
Employment (000s)	2,016	2,095	2,139	2,135	2,136	2,140	2,145	2,139	2,141
% change	0.4	3.8	3.4	3.4	3.4	3.4	3.0	3.1	3.0
Unemployment Rate (%)	6.5	5.5	4.9	5.0	5.0	5.1	4.9	4.8	4.8
Participation Rate (%)	72.8	73.7	73.8	74.1	73.7	74.0	73.9	73.7	73.8
Average Weekly Earnings ($)	933.28	1,034.63	1,058.02	1,054.16	1,051.60	1,064.58	1,060.83		
% change	4.6	4.6	3.9	3.8	4.2	4.1	3.5		
Price Indices									
Consumer Price Index	1.0	2.4	1.5	2.3	1.9	1.7	1.0	0.4	
Excluding food and energy	0.9	0.8	1.5	1.4	1.2	1.5	2.1	1.5	
New Res. Building Cost Price Index[2]	-0.1	3.4	4.5			3.5			
Farm Product Price Index	1.5	17.2	4.1	1.2	1.2	1.0	2.1		
Crops	-3.1	18.5	3.0	2.0	0.1	1.1			
Livestock	5.2	17.3	10.9	5.1	0.2	0.3			
Household Sector									
NEW: Housing Starts (CMHC 000s)	26.4	28.5	33.4	30.1	37.1	36.6	30.4	33.4	32.7
% change	34.8	5.2	49.9	36.2	42.7	40.3	72.3	58.3	31.0
NEW: New Housing Price Index[3]	0.5	0.4	0.6	0.3	0.2	0.8	0.7	0.8	
Edmonton	0.6	0.9	0.9	1.3	0.1	0.8	0.3	0.1	
Calgary	0.7	0.1	0.6	0.1	0.4	0.8	0.9	0.8	
MLS Average Resale Price ($ 000's)	350.9	352.7	354.4	350.1	360.0	359.0	356.5	350.2	
% change	4.1	0.5	1.3	1.1	2.9	2.6	1.7	4.1	
Edmonton ($ 000's)	306.5	304.2	302.4	299.7	304.5	303.3	297.3	303.0	
% change	2.3	-0.7	3.1	0.1	4.8	3.4	3.0	3.1	
Calgary ($ 000's)	397.4	401.9	403.8	398.1	411.3	407.4	399.0	413.1	
% change	3.4	1.1	0.1	0.3	0.5	2.4	1.3	2.6	
Sales (#)	6.0	6.9	9.5	11.1	9.2	9.1	7.8	9.5	
New Motor vehicle Sales	9.5	9.6	12.0	12.4	12.6	12.9	11.1		
Consumer Bankruptcies (#)	8,150	7,629	2,141	677	683	781	583	617	
% change	-18.4	-12.8	-15.5	-10.6	-10.2	-0.4	-16.3		
Business Sector									
Pop Orders (real)	297	285	261	-400	43.0	8.8	141	58	199
% change	61.3	-37.9	-3.5	7.8	-9.0	-1.5	14.8	4.6	3.4
NEW: Goods Exports (nominal)	12.6	18.3	12.3	14.1	10.4	9.0	20.2	9.1	
Energy	17.4	10.2	14.3	13.5	10.4	10.0	20.2	4.5	
Agriculture	14.3	21.4	19.6	27.8	19.0	20.2	16.2	10.6	
Total Farm Cash Receipts (quarterly)	3.7	16.3	28.3			28.3			
Manufacturing Shipments	11.4	18.0	12.9	14.9	16.3	12.1	2.0		
Wholesale Trade	8.5	15.0	16.6	16.2	16.7	14.5	20.5		
Building Permits	1.3	11.8	19.0	33.4	22.9	30.9	40.5	26.0	
Residential	22.4	5.2	22.2	24.2	20.2	21.8	11.0		
Non-residential	18.3	20.9	10.5	57.7	22.0	44.0	78.5		
Business Bankruptcies (#)	376	264	84	30	25	13	26		
% change	-6.7	-30.2	11.6	57.9	13.6	-24.9	17.6		

[1] Year to date represents the change from the beginning of the year compared to the same period in the previous year.
[2] Unless otherwise indicated, all figures are year over year percentage change.
[3] Quarterly, annual numbers are presented in calendar year Each July 1 - June 30.
[4] Quarterly average of Calgary and Edmonton.

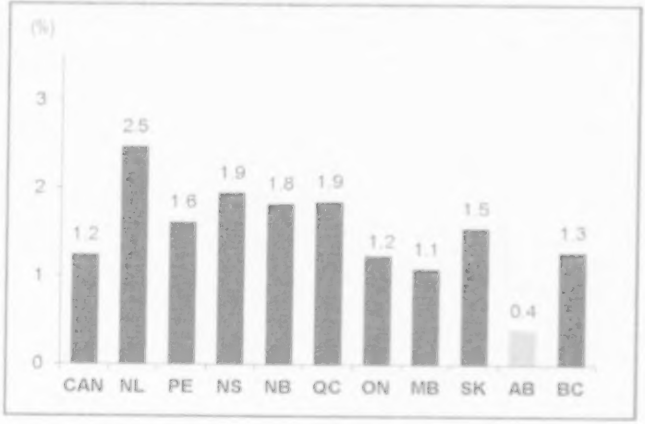
Sources: Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Agri-Trend Canada Association of Oilwell Drilling Contractors and Alberta Office of the Superintendent of Bankruptcy Canada.

Economic Indicators by Province

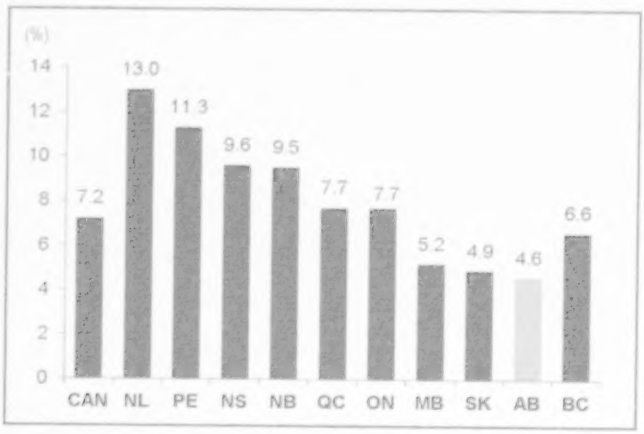
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



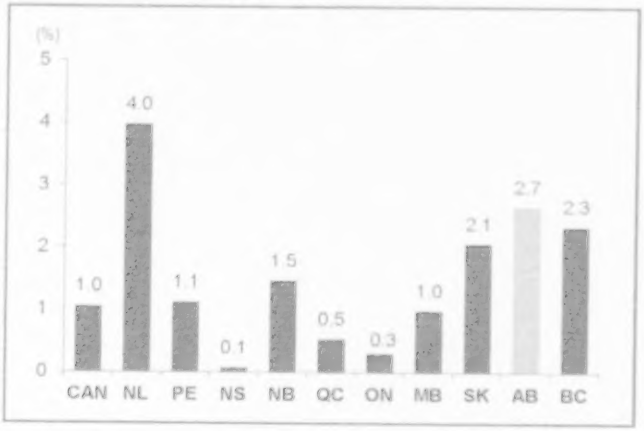
CPI Inflation
(May 2012, year-over-year growth)



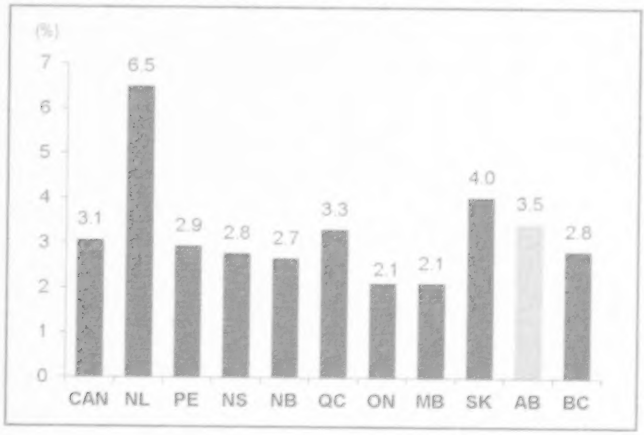
Unemployment Rate
(June 2012)



Employment
(June 2012, year-over-year growth)



Average Weekly Earnings
(April 2012, year-over-year growth)



Housing Starts
(June 2012, SAAR, year-over-year growth)